

**California Power Exchange Corporation**  
**Order No. EA-179-A**

**I. BACKGROUND**

Exports of electricity from the United States to a foreign country are regulated and require authorization under section 202(e) of the Federal Power Act (FPA) (16 U.S.C. §824a(e)).

On May 29, 1998, the Office of Fossil Energy (FE) of the Department of Energy (DOE) authorized California Power Exchange Corp. (CalPX)<sup>1</sup> to transmit electric energy from the United States to Mexico using the international electric transmission facilities of San Diego Gas & Electric Company (SDG&E). That two-year authorization expires on May 29, 2000. On March 29, 2000, CalPX filed an application with FE for renewal of this export authority and requested that the Order be issued for a 5-year term.

Notice of the CalPX export application was placed in the *Federal Register* on April 26, 2000, (65 FR 24460) requesting that comments, protests, and petitions to intervene be submitted to DOE by May 26, 2000. None were received.

**II. DISCUSSION and ANALYSIS**

The authority requested of DOE by CalPX is a necessary condition for exporting under section 202(e) of the FPA. CalPX must make the necessary commercial arrangements, including obtaining all necessary transmission access required to wheel the exported energy to the foreign purchaser, and obtain any and all other regulatory approvals which may be required in order to effect the export. In considering the CalPX request for service, the transmitting utilities would have to assess the electric reliability impacts of moving the export through their system and, presumably, would only provide service under terms and conditions that would not cause reliability problems on their system.

An export authorization issued under section 202(e) does not impose on transmitting utilities a requirement to provide service. However, DOE expects transmitting utilities owning border facilities to provide access across the border in accordance with the principles of comparable open access and non-discrimination contained in the FPA and articulated in Federal Energy Regulatory Commission (FERC) Order No. 888, as amended (Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; FERC Stats. & Regs. ¶31,036 (1996)), as amended. The actual rates, terms and

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<sup>1</sup>The PX, a newly structured corporation, does not own or control any electric generation or transmission facilities, nor does it have a franchised service area. The PX manages the trading of power in California's day ahead and hour ahead markets based on demand bids from PX buyers and generation bids from PX sellers. For sales to Mexico, the PX controls the sale of the power, the quantity of power sold, and the price of such to be sold.

conditions of transmission service shall be consistent with the non-discrimination principles of the FPA and the transmitting utility's Open Access Transmission Tariff on file with the FERC.

All recipients of export authorizations, including owners of border facilities for which Presidential permits have been issued, are required by their export authorization to conduct operations in accordance with the principles of the FPA and pertinent rules, regulations and orders, which include the comparable open access provisions of FERC Order No. 888, as amended. Cross-border electric trade ought to be subject to the same principles of comparable open access and non-discrimination that apply to transmission in interstate commerce. (See *Enron Power Marketing, Inc.*, 77 FERC ¶ 61,013 (1996)). Thus, DOE expects owners of border facilities to comply with the same principles of comparable open access and non-discrimination that apply to the domestic interstate transmission of electricity.

Before an electricity export authorization is granted, DOE must find that the proposed export will not impair the sufficiency of electric supply within the U.S. and that it will not impede the coordinated use of regional transmission facilities. DOE has always used a flexible approach in determining the information necessary to evaluate reliability impacts for specific export proposals. In determining reliability impact for exports by power marketers or other entities operating in a similar manner, DOE has used a combination of established industry guidelines, operating procedures and/or infrastructure, as well as technical studies supporting authorizations issued for traditional entities operating at the border. Allowing these existing technical studies to suffice in this docket is sound and, thus, DOE need not perform additional reliability assessments here, provided the maximum rate of transmission for all exports through a border system does not exceed the previously authorized limit of the system.

### **III. FINDING**

DOE has assessed the impact that the proposed export would have on the reliability of the U.S. electric power supply system. Based on the above discussion and analysis, DOE has determined that the export of electric energy to Mexico as requested by CalPX would not impair the sufficiency of electric power supply within the United States and would not impede or tend to impede the coordination in the public interest of facilities provided that CalPX coordinate exports with California Independent System Operation such that total exports across the SDG&E/CFE interconnection are in conformity with operating limitations established by the SDG&E/CFE operating nomogram and the southern California Import Transmission Nomogram.

The circumstances described in the CalPX application are virtually identical to those for which export authority had previously been granted in FE Order EA-179. Consequently, DOE believes that it has adequately satisfied its responsibilities under the National Environmental Policy Act of 1969 through the documentation of a categorical exclusion in the FE Docket EA-179 proceeding.

### **IV. ORDER**

Based on the above, it is hereby ordered that CalPX is authorized to export electric energy to Mexico under the following terms and conditions:

(A) The electric energy exported by CalPX pursuant to this Order may be delivered to Mexico only over the following existing international transmission facilities:

<u>Owner</u>	<u>Location</u>	<u>Voltage</u>	<u>Presidential Permit No.</u>
SDG&E	Miguel, CA	230 kV	PP-68
	Imperial Valley, CA	230 kV	PP-79

(B) Exports authorized herein shall not cause a violation of the terms and conditions contained in existing export authorizations associated with the international transmission facilities identified in paragraph (A). Specifically:

(1) Exports made by CalPX pursuant to this Order shall not cause the total exports on a combination of the facilities authorized by Presidential Permits PP-68 and PP-79 to exceed an instantaneous transmission rate of 400 megawatts (MW). All exports made pursuant to this Order must be consistent with the operating limitations established by the SDG&E/CFE operating nomogram and the Southern California Import Transmission Nomogram.

(C) Amendment of the export authorization from which the export limit contained in paragraph (B) was derived shall result in a concomitant change to the export limit contained herein. Notice will be provided to CalPX of any amendments to existing export authorizations that would impact on this Order.

(D) CalPX may commence exports only over those international transmission lines identified in paragraph (A) for which CalPX provides DOE written evidence that sufficient transmission service has been obtained for delivery of the exported energy to the border. This evidence can consist of signed letters of agreement for the service between CalPX and the Presidential permit holder and should identify specific facilities by name and Presidential permit number.

(E) In scheduling the delivery of electricity exports to Mexico, CalPX shall comply with all reliability criteria, standards, and guides of the North American Electric Reliability Council, Regional Councils, or independent system operators, as appropriate on such terms as expressed therein, and as such criteria, standards, and guides may be amended from time to time.

(F) CalPX shall conduct all operations pursuant to the authorization hereby granted in accordance with the provisions of the Federal Power Act and pertinent rules, regulations, and orders adopted or issued thereunder, including the comparable open access provisions of FERC Order No. 888, as amended.

(G) The authorization herein granted may be modified from time to time or terminated by further order of the DOE, but in no event shall such authorization extend beyond the date of termination or expiration of the Presidential permits referred to in paragraph (A).

(H) This authorization shall be without prejudice to the authority of any State or State regulatory commission for the exercise of any lawful authority vested in such State or State regulatory commission.

(I) CalPX shall make and preserve full and complete records with respect to the electric energy exported to Mexico. CalPX shall furnish quarterly reports to the DOE, within 30 days following each calendar quarter, detailing for each month of the previous quarter: (1) the gross amount of electricity delivered, in kilowatt hours; (2) the consideration received for such energy; and (3) the maximum hourly rate of transmission, in kilowatts. Quarterly reports must be filed regardless of current activity and whether or not deliveries of electric energy have been made. If no transactions have been made, a one-sentence report indicating "no activity" for the previous quarter is sufficient.

Reports shall be submitted to the U.S. Department of Energy, Office of Fossil Energy, FE-27, 1000 Independence Avenue, SW, Washington, D.C. 20585-0305. Properly identified quarterly reports will also be accepted via facsimile at (202) 287-5736 to meet time requirements, but original copies should still be filed at the above address.

(J) In accordance with 10 C.F.R. §205.305, this authorization is not transferable or assignable, except in the event of the involuntary transfer of this authority by operation of law. Provided written notice of the involuntary transfer is given DOE within 30 days, this authorization shall continue in effect temporarily. This continuance also is contingent on the filing of an application for permanent authorization within 60 days of the involuntary transfer; the authorization shall then remain effective until a decision is made on the new application. In the event of a proposed voluntary transfer of this authority to export electricity, the transferee and the transferor shall file jointly an application for a new export authorization, together with a statement of reasons for the transfer.

(K) Exports authorized herein shall be reduced or suspended, as appropriate, whenever a continuation of those exports would impair or tend to impair the reliability of the U.S. electric power supply system.

(L) This authorization shall be made effective on May 29, 2000, and shall remain in effect for a period of five (5) years from that date. Within six months prior to the expiration of this authorization, CalPX may reapply for renewal of this authorization.

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